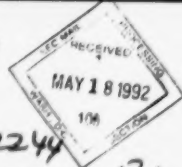


SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992

Commission File Number 0-9998

THE METAL ARTS COMPANY, INC.

(Exact name of registrant as specified in its charter)

New York(State or other jurisdiction of
incorporation or organization)06-0945588(IR's Employer
Identification No.)1 American Center, Geneva, New York
(Address of principal executive offices)14456-1188
(Zip Code)Registrants' telephone number, including area code (315) 789-80001600 North Clinton Avenue, Rochester, New York 14621

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares of common stock, \$.01 par value, outstanding at March 31, 1992 was 6,123,102.

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Exhibit Index is on P12-12 K
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THE METAL ARTS COMPANY, INC.

I N D E X

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PART I FINANCIAL INFORMATION

THE METAL ARTS COMPANY, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

ASSETS

	3/31/92	6/30/91
Current Assets:		
Cash	\$ 12,819	\$ 22,910
Trade accounts receivable - net	566,165	528,749
Inventory	140,808	140,808
Prepaid expenses and deferred charges	<u>14,014</u>	<u>28,795</u>
	\$ 733,806	\$ 721,262
Property, Plant and Equipment	\$1,207,753	\$1,003,054
Less: Accumulated depreciation	<u>(657,944)</u>	<u>(596,444)</u>
	\$ 549,809	\$ 406,610
Other Assets:		
Deposits	\$ 3,778	\$ -
Loan fees	484	-
	<u>309,696</u>	<u>317,646</u>
Goodwill - net	<u>313,958</u>	<u>317,646</u>
	<u>\$1,597,573</u>	<u>\$1,445,518</u>

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)

	3/31/92	6/30/91
Current Liabilities:		
Current Portion of liabilities payable under plan of reorganization	\$ 227,763	\$ 249,186
Current portion of long-term debt	49,900	87,343
Accounts payable - trade	471,262	426,206
Accounts payable - officer	3,000	19,334
Accrued expenses	423,134	358,281
Payroll expenses and related taxes	117,952	150,700
Other	96,682	92,183
	<u>\$ 1,389,693</u>	<u>\$ 1,383,233</u>
Long-term Liabilities:		
Liabilities payable under plan of reorganization	\$ 341,645	\$ 370,403
Long-term debt, net of current portion	222,481	79,160
Advance from Sunshine Mining Co.	250,000	250,000
Deferred taxes	6,000	6,000
	<u>\$ 820,126</u>	<u>\$ 705,563</u>
Minority interest in subsidiary	\$ 61,098	\$ 51,724
Stockholders' equity (deficiency):		
Common stock - \$.01 par value, 15,000,000 shares authorized, issued and outstanding: 6,123,102 and 6,098,102 at March 31, 1992 and June 30, 1991, respectively	\$ 66,231	\$ 65,981
Paid-in capital in excess of par value	2,286,402	2,276,651
Accumulated deficit	(3,000,977)	(3,012,634)
	(648,344)	(670,002)
	(25,000)	(25,000)
	<u>(673,344)</u>	<u>(695,002)</u>
Less: Treasury stock		
	<u>\$ 1,597,573</u>	<u>\$ 1,445,518</u>

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Net Sales	\$ 861,813	\$ 712,404	\$2,312,936	\$2,258,687
Cost of goods sold	<u>598,653</u>	<u>566,758</u>	<u>1,703,656</u>	<u>1,736,842</u>
Gross Margin	263,160	145,646	609,282	521,845
Selling, general and administrative expense	<u>186,713</u>	<u>208,344</u>	<u>519,305</u>	<u>638,458</u>
Operating income (loss)	76,447	(62,698)	89,977	(116,613)
Other (income) expense	(6,809)	(16,080)	(19,944)	(30,683)
Interest expense	13,195	42,700	39,789	127,031
Minority interest in income of subsidiary	2,744	18,689	9,374	28,993
Nonrecurring move expense	<u>-</u>	<u>-</u>	<u>49,103</u>	<u>-</u>
	<u>9,130</u>	<u>45,309</u>	<u>78,322</u>	<u>125,341</u>
Net income (loss) for the period	<u>\$ 67,317</u>	<u>\$ (108,007)</u>	<u>\$ 11,655</u>	<u>\$ (241,954)</u>
Weighted average number of common shares out- standing	<u>6,123,102</u>	<u>6,598,102</u>	<u>6,123,102</u>	<u>6,598,102</u>
Earnings (loss) per share of common stock	<u>\$.01</u>	<u>\$ (.02)</u>	<u>\$.00</u>	<u>\$ (.04)</u>

THE METAL ARTS COMPANY, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW

(UNAUDITED)

Nine Months Ended
March 31,
1992 1991

Cash flows from operating activities:

Net income (loss) for the period	\$ 11,655	\$(241,954)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	69,450	55,368
Amortization of imputed interest	-	29,250
Minority interest in income of subsidiary	9,374	28,993
Change in operating accounts:		
Accounts receivable and inventory	(37,416)	167,739
Prepaid expenses and other	10,519	(100)
Accounts payable	28,722	86,368
Accrued expenses	64,853	136,820
Payroll and other	(28,249)	(48,599)
	\$ 128,908	\$ 213,877

Cash flows from investing activities:

Capital expenditures	(204,699)	(106,800)
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Cash flows from financing activities:

Issuance of capital stock	10,000	-
Payment of liabilities under plan of reorganization	(50,181)	(112,707)
Payments on long-term debt	(71,019)	(9,192)
Proceeds from long-term debt	176,900	21,808
	\$ 65,700	\$(100,091)

Net increase (decrease) in cash (10,091) 6,986

Cash at beginning of period 22,910 31,816

Cash at end of period \$ 12,819 \$ 38,802

Supplemental cash flow information:

Cash paid for interest expense \$ 9,789 \$ 24,048

\$10,000 of legal fees were paid by the issuance of 25,000 shares of Metal Arts common stock.

THE METAL ARTS COMPANY, INC.

Notes to Consolidated Condensed Financial Statements

1. These statements should be read in conjunction with the audited financial statements and the notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Form 10-K for the fiscal year ended June 30, 1991. In the opinion of management, the accompanying consolidated condensed financial statements contain all adjustments of a normal recurring nature necessary for the fair presentation of the Company's financial position as of March 31, 1992 and June 30, 1991 and the results of operations for the three and nine months ended March 31, 1992 and 1991 and its cash flows for the nine months ended March 31, 1992 and 1991.
2. The results of operations for the three and nine months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.
3. Inventory consisted of the following:

	<u>March 31, 1992</u>	<u>June, 30, 1991</u>
Finished goods and work-in-process	\$107,227	\$107,227
Raw materials	<u>33,581</u>	<u>33,581</u>
	<u>\$140,808</u>	<u>\$140,808</u>

4. Earnings (loss per share of common stock is computed on the weighted average number of shares outstanding during the three and nine months ended March 31, 1992 and 1991. The weighted average number of shares outstanding at the end of each period is determined by totaling the number of shares outstanding at the end of each month in the period and dividing that sum by the number of months in the period.

THE METAL ARTS COMPANY, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

During the fiscal year ended June 30, 1991 the liquidity position worsened from operating losses in Bastian Company and benefited from profits of Bastian Plating Company's operations. In the nine months ended March 31, 1992 the liquidity position improved due to reduced operating costs and increased operating margins. An aggressive sales effort is under way to set up Advertising Specialty Distributors nationally in order to increase sales of emblematic jewelry and related products. It is management's belief that the operations of the company as set forth in the following paragraphs will provide sufficient cash flow for the company to continue in existence. A Disclosure Statement and Plan of Reorganization for Bastian was filed on January 12, 1988, with the U.S. Bankruptcy Court for the Western District of New York (File No. 83-21071), which Plan was confirmed by the Bankruptcy Court on May 16, 1988, and became effective on July 1, 1988.

Since July 1, 1988, Bastian has ceased to operate under Chapter XI of the Federal Bankruptcy Code and since that time has operated pursuant to the Court approved Plan of Reorganization. For the twelve months ended June 30, 1991, the company operated unprofitably. Bastian Company has a backlog of approximately \$1,200,000 and current receivables under 90 days amount to approximately \$375,000. Bastian Plating has current receivables under 90 days of \$195,000. The company's combined sales decreased from \$3,900,000 in the fiscal year ended June 30, 1990, to \$3,100,000 a decrease of approximately 20 percent in the fiscal year ended June 30, 1991. This decrease was attributable primarily to a decrease in Bastian Company's sales due to the recession and were partly offset by a 30 percent increase in Bastian Plating Sales.

Bastian Plating, which commenced operations in April, 1989 is expanding at the rate of over 10 percent per year and is operating profitably.

At the present time, the company lacks sufficient funds to meet its current obligations. Management is investigating a variety of sources of financing its ongoing operations and future plans.

As of approximately May 25, 1988, Metal Arts commenced to offer by means of a private placement (the "1988 Private Placement") of certain units of its securities. A maximum of 35 Units and a minimum of 25 Units were offered (the "Offering"). Each unit, which cost \$1,500 consisted of 23,000 common shares, par value \$.01 per share, at a price of \$.50 per share, together with 23,000 non-attached warrants which entitle the holder to purchase 23,000 additional common shares, exercisable for two year, at \$.60 per share. If all 35 Units were sold, the aggregate Offering would achieve a maximum Offering price of \$402,500 before possible underwriting commission and anticipated expenses of the Offering. As of November 30, 1988, 25 Units had been

subscribed for and the issuance of the securities was completed in early December, 1988 to approximately 20 subscribers. The net proceeds of the Offering, approximately \$250,000 were used to purchase certain machinery and equipment for use in Bastian Plating (See Item 1, "Business - New Subsidiary"), and for working capital for all of Metal Arts, Bastian and Bastian Plating. The net proceeds of the Offering increased the liquidity of the company materially. Except for the proposed purchases of machinery and equipment and the establishment of the new subsidiary, there are no currently identified commitments for capital resources. The exercise period has been extended, for the second time, to November 30, 1992.

As part of the relocation of Bastian Company's manufacturing and administrative operations to Geneva, New York the Company received a commitment from the City of Geneva and County of Ontario, New York for a \$250,000 term loan at 5% and 6% interest rates, payable over 5 and 6 years. \$200,000 of this total has been drawn down to facilitate the move, acquire and upgrade equipment, facility improvements and construction and working capital.

THE METAL ARTS COMPANY, INC.

Management's Discussion and Analysis of Financial
Condition and Results of Operations

RESULTS OF OPERATIONS

The following table illustrates the major components of consolidated net sales and net income (loss):

	Nine Months Ended March 31,	
	1992	1991
Consolidated Net Sales		
Ocean State Enameling	\$ 11,000	\$ -
Bastian Plating	702,000	667,000
Bastian	<u>1,600,000</u>	<u>1,592,000</u>
	<u>\$2,313,000</u>	<u>\$2,259,000</u>
Consolidated Net Income (Loss)		
Metal Arts	\$ (18,500)	\$ (39,000)
Ocean State Enameling	(219,000)	-
Bastian Plating	31,000	68,000
Bastian	<u>218,000</u>	<u>(271,000)</u>
	<u>\$ 11,500</u>	<u>\$ (242,000)</u>

The Metal Arts Company, Inc.

The net sales for the company for the nine (9) months ended March 31, 1992 were \$10,000 compared with -0- in the previous year. The company showed a loss of \$18,500 versus \$39,000 in the previous year.

Ocean State Enameling, Inc.

The net sales for the company for the nine (9) months ended March 31, 1992 were \$11,000 compared with -0- in the previous year. The company showed a loss of \$219,000 versus -0- in the previous year.

The Bastian Company, Inc.

Bastian's sales for the nine (9) months ended March 31, 1992 were \$1,600,000 as compared with \$1,592,000 in the previous year. The company showed a profit of \$69,000 as compared with a loss of \$132,000 in the previous year.

The Bastian Plating Company, Inc.

Bastian plating's sales for the nine (9) months ended March 31, 1992 were \$702,000 as compared with \$667,000 in the previous year. The company showed a net profit of \$31,000 as compared with \$68,000 in the previous year.

THE METAL ARTS COMPANY, INC.

Part II - Other Information:

Item 6 - Exhibits and Reports on Form 8-K

A. Exhibits - None

B. Reports on Form 8-K - None

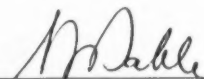
Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE METAL ARTS COMPANY, INC.

Date:

5/13/92



Stanley J. Dahle
President

Date:

5-13-92



Albert A. Cauwels
Treasurer